

## Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 ONY-00 /015 R

DRAFTED BY ARA/ECP:JHENNEKE;BWL  
APPROVED BY ARA:JBUSHNELL  
ARA/AND:DKEMP  
ARA/AND:RSTEVENS  
ARA/PPC:ECUBBISON  
USOAS:RWINSTANLEY  
ARA/ECP:KWIEDEMANN  
ARA/CAR:JGRIFFITH  
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C O N F I D E N T I A L STATE 164875

E.O. 11652: GDS

TAGS: OAS, ECIN, SHUM, MARR, PINT, PARM

SUBJECT: ARA WEEKLY HIGHLIGHTS JUNE 21-27

1. THE CENTRAL EVENT THIS WEEK IN WASHINGTON WAS THE MEETING OF THE VIII OAS GENERAL ASSEMBLY, DETAILS OF WHICH ARE BEING REPORTED IN SEPTELS.

2. CARIBBEAN GROUP MEETING. THE FIRST REGULAR MEETING OF THE CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT, HELD AT THE WORLD BANK 6/19-24, WAS A SIGNIFICANT SUCCESS FROM BOTH RECIPIENT AND DONOR VIEWPOINTS. THE RESULTS WERE A MAJOR ADVANCE FOR U.S.  
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POLICY, WHICH HAS STRONGLY SUPPORTED A MULTILATERAL APPROACH TO THE PROBLEMS OF THE CARIBBEAN. SPECIFIC ACTIONS ARE BEING REPORTED IN SEPTTEL.

3. CHRISTOPHER COMMITTEE. THE INTERAGENCY GROUP ON FOREIGN ASSISTANCE AND HUMAN RIGHTS WILL MEET JULY 7. THE GROUP WILL EVALUATE ITEMS OF ECONOMIC AND MILITARY

ASSISTANCE FOR SEVEN LATIN AMERICAN COUNTRIES--ARGENTINA, CHILE, EL SALVADOR, GUYANA, HAITI, NICARAGUA AND PARAGUAY.

4. BAHAMAS MILITARY FACILITIES NEGOTIATIONS. AFTER SEVERAL YEARS OF FRUITLESS DISCUSSIONS, THERE WAS SUBSTANTIAL PROGRESS TOWARD A NEW AGREEMENT ON U.S. USE OF FOUR MILITARY FACILITIES IN THE BAHAMAS DURING TALKS JUNE 22 AND JUNE 23. DIFFERENCES ON COMPENSATION AND RETRO-ACTIVITY WERE REDUCED TO MANAGEABLE SIZE. A STUMBLING BLOCK TO AGREEMENT THIS YEAR MAY BE A LINGERING BAHAMIAN BELIEF THAT SUBSTANTIAL ECONOMIC ASSISTANCE MIGHT BE FORTHCOMING IN ADDITION TO SEVERAL MILLION DOLLARS ANNUAL CASH RENT FOR THE FACILITIES. NEGOTIATIONS ARE EXPECTED TO RESUME JULY 20 AND 21.

5. PERUVIAN ELECTIONS. THE DEPARTMENT ISSUED A STATEMENT ON JUNE 21 STATING OUR ENCOURAGEMENT AT THE FACT THAT THE JUNE 18 CONSTITUENT ASSEMBLY ELECTION TOOK PLACE AS SCHEDULED, AND MENTIONING PERU'S PRE-ELECTORAL RESTRAINTS AND ECONOMIC CRISIS. PERUVIAN FOREIGN MINISTER DE LA PUENTE TOOK EXCEPTION TO THE STATEMENT, ASSERTING THAT THE U.S. STATEMENT CONSTITUTED INTERFERENCE IN PERUVIAN DOMESTIC AFFAIRS.

6. RECALL OF AMBASSADOR TO CHILE. AMBASSADOR GEORGE W. LANDAU WAS RECALLED FOR CONSULTATIONS FROM SANTIAGO  
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ON JUNE 23. THE RECALL WAS ACCOMPANIED BY A PUBLIC STATEMENT BY THE DEPARTMENT, SUPPORTED BY THE DEPARTMENT OF JUSTICE, WHICH NOTED THAT THE GOC HAD NOT BEEN FORTHCOMING WITH PROMISED COOPERATION IN THE LETELIER/MOFFITT ASSASSINATION INVESTIGATION. LANDAU IS CONSULTING WITH STATE AND JUSTICE; CONVERSATIONS CONTINUE WITH HIGH OFFICIALS OF THE GOC IN AN EFFORT TO GAIN COOPERATION.

7. CONGRESSIONAL HEARINGS ON ARMS RESTRAINT AND TRANSFER. DEPUTY ASSISTANT SECRETARY JOHN BUSHNELL TESTIFIED JUNE 27 BEFORE THE HOUSE INTER-AMERICAN AFFAIRS SUBCOMMITTEE ON THE SUBJECT OF U.S. ARMS RESTRAINT AND TRANSFER POLICIES IN THE HEMISPHERE. HIS PREPARED STATEMENT POINTED OUT THE RELATIVELY LOW LEVEL OF ARMS PURCHASES IN LATIN AMERICA AND REVIEWED SALIENT FEATURES OF ADMINISTRATION POLICY: AVOIDING BEING THE FIRST TO SUPPLY WEAPONS SYSTEMS OF GREATER SOPHISTICATION, PLACING THE BURDEN OF PERSUASION ON THOSE OPPOSING IT, AND CONSIDERING CAREFULLY THE HUMAN RIGHTS SITUATION IN PROPOSED RECIPIENT COUNTRIES. THE SUBCOMMITTEE'S QUESTIONS FOCUSED ON THE LACK OF

SIMILAR FORMAL POLICIES ON THE PART OF OTHER SUPPLIERS AND WHETHER OUR POLICIES WERE THEREFORE INEFFECTIVE IN FORESTALLING BUILD-UPS. THE SUBCOMMITTEE ALSO INQUIRED INTO THE ECONOMIC LOSSES FOR AMERICAN INDUSTRY

BECAUSE OF OUR REFUSAL ON POLICY GROUNDS TO PERMIT CERTAIN SALES. DAS BUSHNELL RESPONDED BY MAINTAINING THAT OUR POLICIES HAVE IN FACT RESULTED IN MODERATION OF LATIN AMERICA'S ARMS DEMAND, WHICH IS IN ANY CASE RELATIVELY SMALL. HE ACKNOWLEDGED FINANCIAL LOSSES, ALTHOUGH NEGLIGIBLE IN THEIR IMPACT ON THE OVERALL U.S. ECONOMY, BUT CHARACTERIZED THESE ECONOMIC COSTS AS A REASONABLE PRICE TO PAY IN ORDER TO HAVE A CLEAR POLICY OF ARMS RESTRAINT AND SUPPORT FOR HUMAN RIGHTS. CONFIDENTIAL

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HE SAID THESE COSTS ARE IN EFFECT AN INVESTMENT IN A MORE PEACEFUL, MORE HUMANE WORLD.

A. ARA'S JUNE 23 CONTRIBUTION TO 'WEEKLY ISSUES':

UNITAS: A USEFUL POLICY INSTRUMENT IN U.S.-LATIN AMERICAN RELATIONS.

THE ANNUAL UNITAS NAVAL EXERCISE IS THE LAST MAJOR ON-GOING U.S. MILITARY VENTURE WITH LATIN AMERICA. IT COMBINES MANEUVERS AT SEA WITH IN-PORT REPRESENTATIONAL ACTIVITIES IN A FOUR-MONTH, 24,000 MILE CIRCUMNAVIGATION OF SOUTH AMERICA. EIGHT COUNTRIES PARTICIPATED IN UNITAS XVIII. UNITAS XIX IS SLATED TO BEGIN IN AUGUST.

THE TRADITIONAL OPERATIONAL JUSTIFICATION FOR UNITAS IS THAT IT ALLOWS U.S. TO EVALUATE SOUTH AMERICAN NAVIES AND GAIN FAMILIARITY WITH LOCAL BASES AND LOGISTICAL SUPPORT FACILITIES.

ALTHOUGH THE TACTICAL AND STRATEGIC KNOWLEDGE SO GAINED COULD BE USEFUL IN THE FUTURE, THE UNITAS MANEUVERS ACTUALLY SERVE TWO MORE IMMEDIATE OBJECTIVES --DEFUSING REGIONAL TENSIONS AND MAINTAINING A COOPERATIVE U.S. PRESENCE.

IN LAST YEAR'S EXERCISE, CHILE AND PERU, TWO COUNTRIES WITH SERIOUS BORDER PROBLEMS, JOINED WITH THE U.S. IN AN UNPRECEDENTED TRILATERAL OPERATION WHICH MARKED THE FIRST TIME SINCE 1962 THAT THE TWO NATIONS HAD PARTICIPATED TOGETHER IN UNITAS. FOR THIS YEAR'S EXERCISE, ARGENTINA AND CHILE HAVE AGREED TO CONFIDENTIAL

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SET ASIDE THEIR BEAGLE CHANNEL DISPUTE LONG ENOUGH  
TO PERMIT THE USE OF BOTH COUNTRIES' PORTS ON THE CHANNEL.

WHILE NAVIES ARE GENERALLY NOT THE DOMINANT MILITARY  
SERVICE IN LATIN AMERICA, THE UNITAS EXERCISE PROVIDES  
A VALUABLE PSYCHOLOGICAL UNDERPINNING TO COLLECTIVE

SECURITY AND THE RIO TREATY. THE MANY PORT CALLS ARE  
A UNIQUE MEANS OF "SHOWING THE FLAG--IN A COOPERATIVE  
RATHER THAN A UNILATERAL FASHION. THE NAVY SHOW BAND,  
PRESS CONFERENCES, AND OPERATION HANDCLASP (WHICH  
DISTRIBUTES MEDICAL SUPPLIES, RECREATIONAL EQUIPMENT,  
AND CLOTHING TO SCHOOLS, HOSPITALS AND ORPHANAGES)  
ARE ALL ECONOMICAL MEANS OF DEMONSTRATING GOODWILL.

UNITAS MAY BE SEEN AS A FORM OF REGIONAL INSURANCE  
AGAINST INCREASING STRAINS ON DETENTE AND CUBA'S  
MILITARY ADVENTURISM. BUT IN A WIDER SENSE, UNITAS  
IS A SMALL BUT IMPORTANT PART OF OUR CONTINUING EFFORT  
TO BUILD MORE COOPERATIVE RELATIONS WITH OUR LATIN  
NEIGHBORS.

IN THE WAKE OF THE PRESIDENT'S SPEECH WEDNESDAY AT  
THE OAS GENERAL ASSEMBLY, UNITAS AND SIMILAR ACTIVITIES  
MAY ALSO BE INCREASINGLY IMPORTANT POLICY INSTRUMENTS  
FOR BUILDING THE MUTUAL CONFIDENCE NEEDED FOR REGIONAL  
DISPUTE SETTLEMENT AND ARMS RESTRAINT. VANCE

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Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014